



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

October 21, 2008

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

TRANSFER OF RESPONSIBILITY FOR FOURTEEN COURTHOUSES TO THE STATE OF CALIFORNIA (FIRST, SECOND, FOURTH, AND FIFTH DISTRICTS) (3 VOTES)

SUBJECT

This letter recommends Board approval of fourteen Transfer Agreements and fourteen Joint Occupancy Agreements, as well as other related actions, to effect the transfer of responsibility for the Superior Court's share of those courthouses, and subsequent transfer of title for certain of those courthouses. This change will alleviate the County's current responsibility to provide, operate, and maintain space for the Superior Court in the fourteen areas.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the recommended actions are categorically exempt from the provisions of the California Environmental Quality Act (CEQA).
2. Approve and instruct the Chair to sign fourteen Transfer Agreements with the Judicial Council of California for:
 - (a) the transfer of responsibility, effective upon Board approval, for the Superior Court's share of facilities operations at fourteen courthouses, including Airport, Bellflower, Burbank, Central Arraignment, Chatsworth, Clara Shortridge Foltz Criminal Justice Center, El Monte, McCourtney Juvenile Justice Center, Mental Health, Antonovich Antelope Valley, Pasadena, Sylmar Juvenile, Santa Clarita, and Stanley Mosk;

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

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- (b) the transfer of title to the properties to the State of California, effective once the Judicial Council completes its title work, at five of the fourteen courthouse sites;
 - (c) the transfer of title to the properties to the State of California, effective after the current bonded indebtedness is relieved and the Judicial Council completes its title work, at four of the courthouse sites.
3. Approve and instruct the Chair to sign fourteen Joint Occupancy Agreements setting the terms and conditions for the shared use of the fourteen courthouses by the County and the Superior Court, along with the other State parties.
 4. Instruct the Chief Executive Officer to sign the Quitclaim Deeds, which will be approved as to form by County Counsel, substantially similar in form and content to that included as Exhibit B to each Transfer Agreement for the nine courthouses where title is to be transferred.
 5. Instruct the Auditor-Controller to make quarterly installments of the County Facilities Payment associated with the fourteen facilities, to the State Controller in accordance with the Government Code for transferred facilities and the instructions of the State Controller, in the amount of \$12,858,327 for the remainder of 2008-09 and \$18,483,845 for subsequent years, as these amounts may be adjusted by the State Department of Finance to account for changes in the rate of inflation up to the date of transfer.
 6. Instruct the Chief Executive Officer to assign occupancy agreements, and to terminate those agreements that cannot be assigned, for third-party tenants if the responsibility for those agreements is transferred to the Judicial Council under the Transfer Agreements, in accordance with the Transfer Agreements.
 7. Authorize the Chief Executive Officer to execute any other documents, upon approval as to form by County Counsel, and to take other related actions necessary to complete the transfers and implement their purposes.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Trial Court Facilities Act (SB 1732, Chapter 1082 of 2002—the Act) established the authority for the transfer of responsibility for court facilities from the counties to the State, with the State's interests represented by the Judicial Council of California. The Act has been subsequently amended, including by AB 1491 (Jones, Chapter 9 of 2008), which extends the transfer period through December 31, 2009.

The Act authorizes the State of California, through the Judicial Council, to assume the financial responsibility for the facilities operations (e.g., payment of utilities, building and

grounds maintenance, permitting of equipment, and other building management functions) in the Superior Court share of local trial courts. Transfer of the court facilities will relieve the County of its responsibility for operation and management of court facilities, which responsibility has largely been dictated by the non-County tenant, as well as of its obligations for future operational cost increases.

County work on the transfers of all 50 court facilities is virtually complete, including efforts related to assessment and documentation of present conditions, space and parking allocations, providing information to the Administrative Office of the Courts (AOC) in support of their due diligence process, documentation of legal descriptions, calculation of the annual County Facilities Payment (CFP), negotiation of general terms and conditions of transfers, and drafting of a "template" agreement. The remaining transfers will be submitted to your Board for approval as the agreements are completed by the AOC. Because penalties to counties required by AB 1491 increase the annual CFP with each month's delay in transfers, this office is diligently pursuing the completion of all transfers by December 2008.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we provide the public with beneficial and responsive services (Goal 1), and that we strengthen the County's fiscal capacity (Goal 4). The transfer of these fourteen courthouses to the State will support the County's efforts to maintain court services in those areas to the benefit of the public, while at the same time, limiting the County's exposure to inflationary cost increases in future years.

FISCAL IMPACT/FINANCING

The Act requires that, for each court facility transferred, the County develop and certify a CFP, which is the maintenance-of-effort payment. The CFP is intended to approximate the amount that the County has historically expended for facilities operations costs, excluding upgrades, associated with the Superior Court's share of each courthouse, including payment of utilities, building maintenance, permitting of equipment, grounds maintenance, certain property claims and losses, and management of leases and licenses both with lessors, such as for parking at Burbank Courthouse, and with third-party tenants in the Superior Court's area or whose responsibility is being transferred. To calculate the CFP, actual costs incurred during a five-year base period were adjusted for inflation, and the average used as the basis for the payment. Because inflation to the date of transfer can only be estimated, the Act provides for the calculated CFP amounts to be adjusted, on a one-time basis, for the actual rate of inflation, once it becomes known.

The CFP for 2008-09 will be reduced, providing funding only for that portion of the year that the facilities are transferred, that is, from Board approval through June 30, 2009.

After transfer of responsibility for the State's share of each facility, the State and the County will each be responsible for their respective shares of all facilities operations costs. For 2008-09 only, while other courthouses are in process of being transferred, the County will bill, and the State will pay, an amount based on the CFP, rather than on actual costs, for facilities operations services rendered by the County to the Superior Court, except for upgrades and utilities which will be paid by the State based on the actual costs incurred at each courthouse. As the years go by, the State will be responsible for all cost increases that may occur in their share of facilities operations, and the County's responsibility for the State area will remain at the original level, via the annual CFP payment.

Under SB 10 (Chapter 444 of 2006), earthquake damage becomes the responsibility of the State for buildings such as Airport, which are rated at "Seismic Level IV." In accordance with SB 10, the County will continue to remain responsible for all real property losses associated with any seismic event at Burbank, and other, older courthouses. In addition, because the County does not traditionally purchase property insurance, and is therefore not making a property insurance payment as part of the CFP, the County will instead indemnify the State for certain "insurable" property losses in excess of \$10,000, as long as the County retains building management responsibilities, as part of a "soft landing" negotiated to lessen the impact on Internal Services Department employees of the reduced workload. In our experience, such property losses have rarely occurred in courthouses. Because the Airport, Burbank, Chatsworth and Antelope Valley Courthouses are bond-financed, the County is insuring the buildings, and the State may participate in the County's insurance coverage, including coverage for earthquake, by participating in the premiums. The AOC has not informed the County of their decision whether to participate in the County's insurance for these insured courthouses.

There will be a recommendation later in the current fiscal year, to adjust appropriations among various General Fund budget units to accommodate the new financing structure, with no net County cost impact. This Appropriation Adjustment will affect not only the court facilities in this Board letter, but also those facilities that have already transferred in the current fiscal year and those that will be transferred in November and December 2008.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Act, as amended by later statutes, authorizes the County to enter into agreements for the transfer of responsibility for and title to court facilities, as well as for the joint occupancy of those court facilities. The Transfer Agreements and Joint Occupancy Agreements have been approved as to form by County Counsel. The cities where these courthouses are located have been provided notice of the transfers pursuant to Government Code Section 65402.

Under the Transfer Agreements, the State will become financially responsible for facilities operations in the Superior Court share of each courthouse, including the areas that house

the Superior Court and the State-funded Sheriff security services, as well as the areas leased or licensed to Superior Court-related tenants, and the Superior Court's share of the common area. The County will continue to be financially responsible for facilities operations in the County share of each courthouse that houses the District Attorney, Public Defender, Alternate Public Defender, Probation Department, County-funded Sheriff Civil Management services, and other miscellaneous County spaces, as well as the County's share of the common area. Title will be transferred for those courthouses in which the Superior Court is the majority occupant, except in facilities that are on an integrated campus, including Bellflower, Central Arraignment, McCourtney, and Santa Clarita. For the bond-funded courthouses, including Airport, Burbank, Chatsworth, and Antonovich Antelope Valley, the title transfer will be delayed until the bonds are paid off.

Under the Joint Occupancy Agreements, the AOC will become the manager in those buildings where the Superior Court is the majority occupant, after a period of one to three years wherein management will be delegated to the County. The County will retain management control of all buildings where the County is the majority occupant. Specific information relating to each courthouse's Transfer Agreement and Joint Occupancy Agreement is as follows:

- Airport Courthouse (Attachments A and B)

Superior Court share: 77.17 percent

County share: 22.83 percent

Title transfer expected by December 1, 2031, including building, parking structure, other on-site parking, and grounds

Seismic responsibility will be transferred to State

CFP: \$321,462 in 2008-09 (part-year); \$462,101 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: City of Los Angeles, City of Santa Monica, and H.K. Food Services (cafeteria)

Tenants terminated: none

- Bellflower Courthouse (Attachments C and D)

Superior Court share: 77.94 percent

County share: 22.06 percent

Title will be retained by County

Seismic responsibility will be retained by County

CFP: \$256,569 in 2008-09 (part-year); \$368,818 in future years (full years)

Management: AOC after delegation period, including surface parking adjacent to building; parking structure will remain County-managed and parking in the structure will be provided for Superior Court use, but no responsibility transferred to the AOC

Tenants assigned to AOC: Los Angeles SMSA (Verizon Wireless)
Tenants terminated: none

- Burbank Courthouse (Attachments E and F)

Superior Court share: 90.76 percent
County share: 9.24 percent
Title transfer expected by December 1, 2015, including building and grounds
Seismic responsibility will be retained by County
CFP: \$250,577 in 2008-09 (part-year); \$360,205 in future years (full years)
Management: AOC after delegation period, including management of parking lease with the City of Burbank (which will be assigned to the AOC, or replaced, at that time)
Tenants assigned to AOC: none
Tenants terminated (agreement to be replaced by AOC): National Council on Alcoholism and Drug Dependence, Neighborhood Legal Services

- Central Arraignment Courthouse (Attachments G and H)

Superior Court share: 90.23 percent
County share: 9.77 percent
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$320,238 in 2008-09 (part-year); \$460,342 in future years (full years)
Management: County will retain management long-term; additionally, parking area will be retained by County and parking provided, but no responsibility transferred to AOC
Tenants assigned or terminated: none

- Chatsworth Courthouse (Attachments I and J)

Superior Court share: 80.73 percent
County share: 19.27 percent
Title transfer expected by December 1, 2031, including building, on-site parking area, and grounds
Seismic responsibility will be transferred to State
CFP: \$136,581 in 2008-09 (part-year); \$196,335 in future years (full years)
Management: AOC after delegation period
Tenants assigned to AOC: City of Los Angeles, Child Care Resource Center (parking), H.K. Food Services (cafeteria)
Tenants terminated: none

- Clara Shortridge Foltz Criminal Justice Center (Attachments K and L)

Superior Court share: 68.79 percent

County share: 31.21 percent

Title transfer expected within one year, including building and grounds

CFP: \$4,609,636 in 2008-09 (part-year); \$6,626,352 in future years (full years)

Management: AOC after delegation period; all parking, except subsurface parking beneath the building, will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC

Seismic responsibility will be retained by County

Tenants assigned to AOC: City of Los Angeles, Homeless Health Care Los Angeles, Golden West Services (cafeteria)

Tenants terminated (agreement to be replaced by AOC): Volunteer Center of Los Angeles

- El Monte Courthouse (Attachments M and N)

Superior Court share: 58.12 percent

County share: 41.88 percent

Title transfer expected within one year, including building, parking structure, other on-site parking, and grounds

Seismic responsibility will be retained by County

CFP: \$277,347 in 2008-09 (part-year); \$398,687 in future years (full years)

Management: AOC after delegation period

Tenants assigned to AOC: Southern California Edison Company

Tenants terminated: none

- Alfred J. McCourtney Juvenile Justice Center (Attachments O and P)

Superior Court share: 69.05 percent of the main courthouse building only

County share: 30.95 percent of main courthouse building, and entirety of other buildings on campus

Title will be retained by County

Seismic responsibility will be retained by County

CFP: \$153,514 in 2008-09 (part-year); \$220,677 in future years (full years)

Management: AOC after delegation period, for building only; all grounds and all County buildings will continue to be managed by County

Tenants assigned to AOC: Children's Law Center, Friends of the Child Advocates

Tenants terminated: none

- Mental Health Courthouse (Attachments Q and R)

Superior Court share: 71.31 percent
County share: 28.69 percent
Title transfer expected within one year, including building, on-site parking, and grounds
Seismic responsibility to be retained by County
CFP: \$90,969 in 2008-09 (part-year); \$130,768 in future years (full years)
Management: AOC after delegation period
Tenants assigned or terminated: none

- Michael D. Antonovich Antelope Valley Courthouse (Attachments S and T)

Superior Court share: 71.44 percent
County share: 28.56 percent
Title transfer expected by December 1, 2031, including building, on-site parking, and grounds
Seismic responsibility: transferred to State
CFP: \$251,984 in 2008-09 (part-year); \$362,227 in future years (full years)
Management: AOC after delegation period
Tenants assigned to AOC: Knowledge Learning Center (child waiting area), LunchStop (cafeteria)
Tenants terminated (agreement to be replaced by AOC): Volunteer Center of Los Angeles, Neighborhood Legal Services

- Pasadena Courthouse (Attachments U and V)

Superior Court share: 69.35 percent
County share: 30.65 percent
Title transfer expected after resolution of title issues, approximately one year, including Pasadena Courthouse Parking Structure (County Auto Park 53), but excluding southeast portion of courthouse property, which is leased out for child care purposes
Seismic responsibility will be retained by County
CFP: \$362,408 in 2008-09 (part-year); \$520,961 in future years (full years)
Management: AOC after delegation period
Tenants assigned to AOC: Los Angeles County Law Library, United States Postal Service (parking)
Tenants terminated: none

- Sylmar Juvenile Courthouse (Attachments W and X)

Superior Court share: 34.31 percent of courthouse building only
County share: 65.69 percent of courthouse building, and entirety of other buildings on the Barry J. Nidorf Juvenile Hall campus
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$95,720 in 2008-09 (part-year); \$137,597 in future years (full years)
Management: County
Tenants assigned or terminated: none

- Santa Clarita Courthouse (Attachments Y and Z)

Superior Court share: 51.69 percent average, including Courthouse and Administrative Center Building
County share: 48.31 percent
Title will be retained by County
Seismic responsibility will be retained by County
CFP: \$155,431 in 2008-09 (part-year); \$223,432 in future years (full years)
Management: AOC after delegation period for Courthouse only; Administrative Center Building and all grounds will be managed by County
Tenants assigned to AOC: none
Tenants terminated (agreement to be replaced by AOC): Volunteer Center of Los Angeles

- Stanley Mosk Courthouse (Attachments AA and BB)

Superior Court share: 97.26 percent
County share: 2.74 percent
Title transfer expected within one year, including building and grounds, except that landscaping and its maintenance will be the responsibility of the County pursuant to a landscape easement reserved to the County, to ensure consistency with the Grand Avenue and Civic Park projects
Seismic responsibility will be retained by County
CFP: \$5,575,891 in 2008-09 (part-year); \$8,015,343 in future years (full years)
Management: AOC after delegation period; all parking will be retained by County and provided for Superior Court use, but no responsibility transferred to AOC

The Honorable Board of Supervisors
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ENVIRONMENTAL DOCUMENTATION

The recommended actions are categorically exempt from the provisions of California Environmental Quality Act (CEQA) pursuant to Section 15301 of the State CEQA Guidelines, since the courthouses are existing public facilities, and the recommended actions involve negligible or no expansion of use of those facilities.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Inasmuch as the State will continue to operate the various Superior Courts in the facilities being transferred, the transfers will result in no significant impact in the level or quality of services provided to County constituents.

CONCLUSION

Please return one adopted, stamped copy of this letter and two signed originals of each of the agreements to the Chief Executive Office for further processing.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:DL:JSE
MV:tlh

Attachments

- c: County Counsel
- Auditor-Controller
- Alternate Public Defender
- District Attorney
- Probation Department
- Public Defender
- Sheriff
- Los Angeles Superior Court